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# BUSINESS

## Grand Pier construction at standstill

### Contractor exits in financial dispute

By Thomas A. Corfman  
Tribune staff reporter

Developer Ray Chin is looking for a new contractor to take over the work on his ambitious Grand Pier Center project in Streeterville after an \$8.6 million dispute with construction giant AMEC PLC, which walked

off the job.

The work stoppage is just the latest in a series of misfortunes to befall the highly leveraged project, which was delayed last year by unexpected environmental problems. And it was also severely weakened by the bankruptcy epidemic that spread through the movie theater industry, forcing two cinema chains to back out of deals.

The project, located east of Michigan Avenue, was originally conceived as a glittering, \$375

million twin-tower development with luxury condominiums, a hotel and high-end retailing. But it was scaled back two years ago, when construction began on an \$80 million first phase that included a parking garage and a Dominick's supermarket.

Some real estate industry experts wonder whether the project's plight is an early sign that the economy's downturn is beginning to affect the commercial real estate market.

But others caution against drawing broad conclusions. Some experts contend that the project was star-crossed from the beginning because Chin paid too much for the land. The developer paid \$25.6 million for the 2.5-acre site bounded by Illinois and St. Clair Streets, Grand Avenue and Columbus Drive.

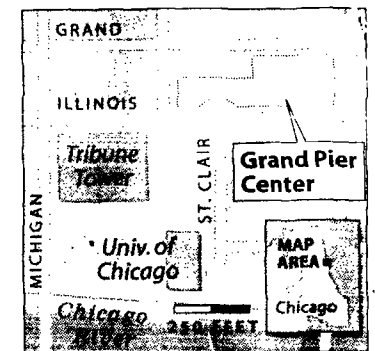
The entire real estate industry is watching every project for signs of a downturn, said Professor Thomas Lys, director of Northwestern University's

Guthrie Center for Real Estate Research, who would not comment specifically on Grand Pier.

"Everybody is nervous, as they should be, because a downturn is not something that you want to miss," Lys said. "When the stock market declines by as much as it did, real estate prices are not going to just sit there. On top of this, some projects may be just bad, period."

Disputes with contractors are

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## **GRAND PIER:** **Builder's 1st** **major project**

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not unusual, and Chin, the president of Chicago-based R.M. Chin & Associates Inc. demonstrates the grittiness required to complete such a complicated project, his first major real estate development.

A spokeswoman for Chin said that AMEC was terminated on May 25 because of a dispute over cost overruns. Sources said AMEC walked off the job because it was concerned that Chin was running out of money to complete construction, a charge Chin's spokeswoman denied.

An AMEC spokesman would not comment on whether the project was running out of cash but said that the company believed the financial dispute would be amicably resolved. London-based AMEC agreed to the termination, he said.

The dispute came to a head May 7, when a subcontractor, Prairie View-based Revcon Construction Corp., filed a lien against Chin and AMEC for more than \$1 million. Other subcontractors stopped work and then on May 25, AMEC filed an \$8.6 million lien. It's unclear whether that sum includes the amount owed to Revcon.

The spokesman said the additional costs were the result of changes to the project that were required after the U.S. Environmental Protection Agency discovered traces of radioactive thorium, residue from a factory that closed in 1933.

The environmental cleanup delayed the project for about one month.

Chin started construction on the first phase of the project in November 1999 as a lower-level platform for the later construction of hotel and residential towers. After several attempts to sell off the residential portion of the development to another developer, earlier this year he decided to undertake that part of the project himself.